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51

ACTION EB-07

INFO OCT-01 ISO-00 IO-10 AF-06 ARA-06 EA-06 EUR-12 NEA-10

OIC-02 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06

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INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MEXICO

USBAE/AMEMBASSY NEW DELHI 1477

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

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PASS STR, CODEL

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: NTM PARENT GROUP MEETING

REF: STATE 146454

1. SUMMARY. NTM PARENT GROUP CONCLUDED TWO-DAY MEETING WITHOUT MAJOR CONTROVERSY. MAIN TOPICS DISCUSSED WERE PROCEDURES FOR NEGOTIATIONS ON MEASURES NOT SUITABLE FOR MULTILATERAL SOLUTION, AUSTRALIAN PROPOSAL THAT TARIFF AND NTM NEGOTIATIONS BE LINKED, AND COVERAGE OF QR CONSULTATIONS. U.S. SUCCEEDED IN HAVING CHAIRMAN'S SUMMING-UP REFLECT OUR INTENTION TO RAISE VARIABLE LEVIES AND MIPS FOR FALL WORK PROGRAM. END SUMMARY.

2. NTM PARENT GROUP MET JUNE 23-24. MATHUR (GATT SECRETARIAT) ELECTED AS PERMANENT CHAIRMAN. QUESTION OF UNCTAD OBSERVER RAISED BY CHAIR AND IN ABSENCE OF DISSENTING VOICE, CHAIR PRESUMED GROUP WISHED UNCTAD SEATED. CHAIR NOTED THAT OUTLINE OF WORK IN PROGRESS ON GOVERNMENT PROCUREMENT RECEIVED FROM OECD SECRETARIAT LAST WEEK AND THAT BACKGROUND NOTE TO MTN PARTICIPANTS WOULD BE COMPLETED SHORTLY. FOLLOWING ISSUES DISCUSSED.

3. PROCEDURES FOR DEALING WITH MEASURES NOT SUITABLE FOR MULTILATERAL SOLUTIONS: U.S. REP (NEWKIRK) OPENED WITH PROPOSAL FOR FLEXIBLE AND PRAGMATIC PROCEDURES AND REPEATED OFFER TO MEET ANY TIME WITH ANY DEL TO DISCUSS ANY NTM. SEVERAL DELS SUPPORTED U.S. REMARKS REGARDING NEED FOR FLEXIBILITY AND PRAGMATISM IN BILATERAL PROCEDURES. JAPAN SPECIFICALLY OBJECTED TO PROCEDURE WHICH WOULD FIX DATE FOR TABLING OFFERS. FINLAND (NORDICS), SWITZERLAND, IRAN, AUSTRIA, SPAIN, YUGOSLAVIA, INDIA, HONG KONG, AUSTRALIA FELT PREMATURE TO SET PROCEDURES UNTIL, BY PROCESS OF ELIMINATION, CLEAR DETERMINATION OF MEASURES NOT SUITABLE FOR MULTILATERAL SOLUTION COULD BE MADE. WITH THESE CAVEATS, MOST DELS FELT PARA 3 OF MTN/NTM/W/4 PROVIDED SUITABLE FRAMEWORK FOR BILATERAL NTM NEGOTIATIONS AT APPROPRIATE TIME.

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4. AUSTRALIAN REP (MOORE-WILTON) INSISTED THAT TIMETABLE FOR BILATERAL NTM OFFERS SHOULD BE LINKED TO TARIFF OFFERS WITHIN OVERALL TARIFF NEGOTIATIONS TIMETABLE FOR PURPOSE OF LINE ITEM EVALUATION OF OFFERS. HE ALSO PROPOSED INCORPORATING NTM DATA, OR INDICATION OF NATIONAL "IMPORT REGIMES," IN TARIFF RATE FILE BY MEANS OF SOME CODING SYSTEM, FOR REASON THAT TARIFF RATE FILE BY ITSELF A DEFECTIVE INDICATION OF OVERALL PROTECTION. WHILE ACKNOWLEDGING LINK BETWEEN NTM NEGOTIATIONS AND TARIFF NEGOTIATIONS, EC, SUPPORTED BY NORDICS, STATED THAT

COMPLETE SYNCHRONIZATION OF MOVEMENTS BETWEEN TARIFF AND NON-TARIFF MEASURES NEGOTIATIONS EXCEEDED MANDATE OF TOKYO DECLARATION. MOST DELS QUESTIONED FEASIBILITY AND UTILITY OF PREPARING UNIFIED DOCUMENTATION AS PROPOSED BY AUSTRALIA ALTHOUGH SOME LDC DELS ENDORSED CONCEPT. AFTER LENGTHY DISCUSSION AUSTRALIA STATED IT INTENDED TO RAISE ISSUE OF NTM DATA IN TARIFF RATE FILE AGAIN AT NEXT TARIFF GROUP MEETING AND CONSENTED TO PREPARE TECHNICAL PAPER ON ITS PROPOSAL FOR DISCUSSION AT OCTOBER NTM GROUP MEETING.

5. QR CONSULTATIONS: CHAIR REPORTED QR NOTIFICATIONS RECEIVED FROM NINE DELEGATIONS AGAINST 43 COUNTRIES. MEXICO, NORDICS, ASEANS, JAPAN, SWITZERLAND, INDIA, INDICATED INTENTION TO SUBMIT REQUEST LISTS SOON. KOREA AND BRAZIL HAVE HELD BACK PENDING DEFINITION OF SPECIAL PROCEDURES FOR DEVELOPING COUNTRIES.

6. ARGENTINA, INDIA, HONG KONG, PAKISTAN, ROMANIA ALL EMPHASIZED NEED FOR MULTILATERAL AGREEMENT THAT ILLEGAL QRS, INCLUDING VOLUNTARY EXPORT RESTRAINTS, BE ELIMINATED IMMEDIATELY WITHOUT RECIPROCITY. ARGENTINA STATED CONSULTATIONS SHOULD BE LIMITED TO QUOTAS ON SPECIFIC PRODUCTS AND EXPRESSED CONCERN THAT IF AGRICULTURAL PRODUCTS NOT COVERED BY QR CONSULTATIONS

PROCESS AND CONSIDERED ONLY IN AGRICULTURE GROUP, HIGHLY-PROCESSED AGRICULTURAL PRODUCTS MAY FALL BETWEEN STOOLS.

7. AT START OF MEETING SECRETARIAT CIRCULATED TECHNICAL NOTE (NTM/W/13) ON PROCEDURES FOR QR CONSULTATIONS GIVING ITSELF CONSIDERABLE ROLE. INFORMAL REACTIONS BY KEY DELS FINALLY REDUCED SECRETARIAT ROLE TO STAND-BY FUNCTION OF PROVIDING ROOMS AND INTERPRETATION FACILITIES IF REQUESTED.

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8. VARIABLE LEVIES: U.S. MADE STATEMENT THAT WE HAVE NOTIFIED FOR PURPOSES OF QR CONSULTATIONS NOT ONLY QUOTAS AND LICENSING PRACTICES, BUT ALSO MEASURES HAVING SIMILAR EFFECT OF QUANTITATIVELY RESTRICTING TRADE. THESE INCLUDED VARIABLE LEVIES AND MINIMUM IMPORT PRICES, ABOUT WHICH THERE IS VEXING LACK OF AGREEMENT ON APPLICABLE GATT RULES. AUSTRALIA INDICATED IT CONSIDERED VARIABLE LEVIES TO BELONG TO NTM CATEGORY "OTHER CHARGES ON IMPORTS," FELT NTM GROUP SHOULD GIVE EARLY CONSIDERATION TO QUESTION OF HOW TO DEAL WITH THIS CATEGORY OF MEASURES, AND PREFERS THEY BE DEALT WITH IN GROUP OF THEIR OWN. EC STATED IT DID NOT CONSIDER VARIABLE LEVIES TO BE QRS AND BELIEVED THEY WERE STRICTLY AN AGRICULTURAL MEASURE WHICH ONLY AGRICULTURE GROUP COULD DISCUSS, BUT IN LIGHT OF CHAIRMAN'S MAY 9 SUMMING-UP OF AGRICULTURE GROUP MEETING, WOULD NOT OBJECT IF OTHER DELS WISHED TO DISCUSS THESE MEASURES IN QR SUBGROUP. AUSTRALIA STATED THAT SINCE DELS NOT IN AGREEMENT ON COMPETENCE OF QR SUBGROUP RE AGRICULTURE, STATEMENT THAT SOME DELS WILL BRING UP AGRI-

CULTURE MEASURES IN THIS GROUP PARA 2(VI) OF MTN/NTM/2) SHOULD BE BROUGHT TO ATTENTION OF AGRICULTURE GROUP.

9. U.S. STATED THAT WORK ON VARIABLE LEVIES AND MINIMUM IMPORT PRICES TOO IMPORTANT TO BE DELAYED BY DEFINITIONAL ARGUMENTS AND THAT SINCE NO CONSENSUS HAD EMERGED TO TREAT VARIABLE LEVIES AS QRS, U.S. PROPOSED THAT FALL MEETING OF NTM GROUP ESTABLISH SUBGROUP ON VARIABLE LEVIES AND MINIMUM IMPORT PRICES.

10. REPORT TO TNW: AGREEMENT REACHED THAT SUMMING-UPS OF THE FOUR SUBGROUPS' CHAIRMEN TO TNC, ACCOMPANIED BY ORAL REPORT OF THE PROGRESS OF WORK IN THOSE GROUPS TO DATE. BRAZIL, SUPPORTED BY OTHER DEVELOPING COUNTRIES, NOTED ITS DISSATISFACTION WITH THE COMPLETE LACK OF PROGRESS IN DEFINING SPECIAL PROCEDURES FOR SPECIAL AND PRIORITY TREATMENT FOR PRODUCTS OF INTEREST TO LDC'S IN THE NTM WORK TO DATE AND REQUESTED THIS BE BROUGHT TO ATTENTION OF TNC. FINLAND (NORDICS) STATED ITS DISAGREEMENT WITH STATEMENT IN SUMMING-UP OF CUSTOMS SUBGROUP THAT DIFFERENT SYSTEMS OF CUSTOMS VALUATION DO NOT CONSTITUTE TRADE BARRIERS.

11. ADDITIONAL SUBGROUPS: CHAIRMAN'S SUMMING-UP WILL REFLECT U.S. AND AUSTRALIAN PROPOSAL FOR ESTABLISHING SUBGROUP TO COVER, LIMITED OFFICIAL USE
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INTER ALIA, VARIABLE LEVIES AND MINIMUM IMPORT PRICING, CANADIAN PROPOSAL FOR SUBGROUP ON ANTIDUMPING DUTIES, AND INDIAN DESIRE TO CREATE SUBGROUP ON GOVERNMENT PROCUREMENT. EC RESERVED ON COMPETENCE OF NTM GROUP TO DEAL WITH CERTAIN ISSUES AND NOTED NO DECISIONS ON ADDITIONAL SUBGROUPS WOULD BE MADE UNTIL FALL.

12. CALENDAR OF MEETINGS: AT U.S. INSISTENCE, GROUP AGREED THAT NEXT SERIES OF MEETINGS WOULD BE SCHEDULED WITH OPENING DATES ONLY. THIS WOULD ALLOW FOR MORE FLEXIBLE WORK PROGRAM AND POSSIBILITY OF EXTENDING MEETING WHEN PROGRESS POSSIBLE. FOLLOWING OPENING DATES SET:

WEEK OF SEPTEMBER 22 - TECHNICAL BARRIERS

OCTOBER 6 -CUSTOMS MATTERS

OCTOBER 13 - NTM PARENT GROUP

OCTOBER 27 - QUANTITATIVE RESTRICTIONS

NOVEMBER 10 OR 17 - SUBSIDIES/COUNTERVAILING DUTIES

(DATE TO BE SET AT OCT. 13 NTM MEETING)

PRIMARY WORK OF OCTOBER 13 NTM GROUP MEETING WILL BE CON-

SIDERATION OF PROPOSALS FOR NEW SUBGROUPS, BUT OTHER AGENDA
ITEMS WILL INCLUDE REVIEW OF SCHEDULE OF MEETINGS BEFORE FALL TNC,
FURTHER CONSIDERATION OF PROCEDURES FOR NEGOTIATIONS ON
MEASURES NOT SUITABLE FOR MULTILATERAL SOLUTION (AT SECRETARIAT
INSISTENCE), AND AUSTRALIAN TARIFF/NTM DATA PROPOSAL.
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